

Message Text

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47

ACTION NEA-06

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R 091030Z OCT 74

FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC 9690

INFO AMCONSUL CALCUTTA

CINCPAC CP SMITH HAWAII

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMCONSUL HONG KONG

AMEMBASSY NEW DELHI

USL PEKING

C O N F I D E N T I A L SECTION 1 OF 2 KATHMANDU 4166

LIMDIS

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, NP, IN

SUBJECT: DETERIORATION IN INDIAN-NEPAL RELATIONS

REF: KATHMANDU 4019

1. SUMMARY: NEPALESE ARE INCREASINGLY CONCERNED AT CONTINUING STRAIN IN INDO-NEPALESE RELATIONS IN AFTERMATH OF SIKKIM EVENTS AND FEEL SITUATION IS NOT CALMING DOWN AND SERIOUS DETERIORATION IN BILATERAL RELATIONS IS POSSIBLE. WITH DEPARTURE OF BOTH INDIAN AMBASSADOR AND MINISTER FROM KATHMANDU MANY NEPALESE FEAR PROLONGED PERIOD OF TENSION INCLUDING POSSIBILITY THAT INDIA MAY IMPOSE SOME FORM OF ECONOMIC AND/OR POLITICAL PRESSURE DESIGNED TO ACHIEVE MORE SUBMISSIVE AND MALLEABLE GON ATTITUDE TOWARDS INDIA. END SUMMARY

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2. INDIAN AMBASSADOR RASGOTRA'S RETURN TO NEW DELHI SEPTEMBER

23 HAS TOUCHED OFF INTENSIVE DISCUSSION OF CURRENT UNEASY STATE OF INDO-NEPALESE RELATIONS. HIS RETURN WAS BILLED IN INDIAN PRESS AS OPPORTUNITY TO "REVIEW" BROAD RANGE OF BILATERAL RELATIONS, AND MANY SOPHISTICATED NEPALIS VIEWED RECALL SIMPLY AS INDIAN GESTURE TO EXPRESS GENERAL DISPLEASURE AT RECENT GON ACTIONS AND NOT AS FORE-RUNNER OF MAJOR POLICY SHIFT. THERE WERE SOME WHO SPECULATED RASGOTRA HAD BEEN SUMMONED HOME FOR A MILD REPRIMAND FOR HAVING EXCEEDED HIS INSTRUCTIONS AND REGISTERED GOI'S PROTESTS TOO PASSIONATELY. HIS CONTINUED ABSENCE AND SUBSEQUENT DEPARTURE OF HIS WIFE ON UNPLANNED LEAVE, HOWEVER, HAVE ADDED CONSIDERABLE CREDENCE, AT LEAST IN THE EYES OF MANY NEPALESE, TO THE VIEW THAT DELHI MAY INDEED BE CONSIDERING MORE EXTENSIVE STEPS TO BRING PRESSURE ON GON.

3. FOREIGN SECRETARY KHATRI'S SEPTEMBER 27 PRESS CONFERENCE (REFTEL) WAS CLEARLY CONCILIATORY MOVE (PROBABLY INSPIRED BY PALACE) AND SIGNAL THAT AS FAR AS HMG WAS CONCERNED PRESS WAR HAD GOTTEN OUT OF HAND. DURING THAT WEEK THREE EDITORS WERE SUMMONED TO POLICE TO JUSTIFY ANTI-INDIAN ARTICLES THEY HAD PUBLISHED, A NONE TOO SUBTLE WARNING THAT THERE WERE LIMITS TO WHAT DELHI OR KATHMANDU WOULD TOLERATE. HOWEVER, INDIAN RESPONSE THAT PAST NEPALESE ACTIONS COULD NOT BE "WISHED AWAY" WERE SEEN AS SHARP REBUFF TO EFFORTS TO DEFUSE ISSUE.

4. A MARKED EXCEPTION TO MUTED PRESS STORIES OF POST-KHATRI STATEMENT AND PERHAPS REFLECTIVE OF ANNOYANCE AT INDIAN RESPONSE WAS ARTICLE WHICH APPEARED IN OCTOBER 2 ISSUE OF WEEKLY MIRROR CARRYING SUB-HEADLINE, "RECALL RASGOTRA IMMEDIATELY." UNSIGNED ARTICLE ACCUSED AMBASSADOR OF "GOING COMPLETELY BEYOND DIPLOMATIC NORMS TO CONDEMN WHAT WAS TOTALLY INTERNAL MATTER OF NEPAL" AND CONCLUDED BY DEMANDING HIS IMMEDIATE RECALL. ALTHOUGH WEEKLY MIRROR IS NOT A PROMINENT PAPER AND MAY BE CHINESE FINANCED, SUCH A BROADSIDE MAY HAVE PLAYED ROLE IN NEW DELHI'S DECISION NOT TO SEND RASGOTRA BACK TO KATHMANDU AT THIS TIME.

5. NEPALESE CONCERNS HAVE INCREASED IN RECENT WEEKS. MFA IS REPORTEDLY UNHAPPY OVER WAY IN WHICH INDIA GREETED BAND OF KHAMPAS LED BY WANG-DI WHEN IT ESCAPED TO INDIA.
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ACCORDING TO SOME REPORTS HMG FILED FORMAL PROTEST OVER INDIAN VIOLATION OF NEPAL AIRSPACE IN WHICH INDIAN AIR FORCE JETS OVERFLEW AREAS IN WHICH KHAMPAS WERE FLEEING. ONE OFFICIAL HAS SAID THAT "600 INDIAN TROOPS HAD THEIR TOES ON THE BORDER WAITING TO GREET THE KHAMPAS." IN ADDITION TO THOSE KHAMPAS WHO FLED WEST TO INDIA THERE HAVE BEEN PRESS REPORTS THAT OTHER KHAMPA BANDS FLED TO SIKKIM WHERE "THEY ARE MAKING PREPARATIONS FOR A REPRISAL."

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C O N F I D E N T I A L SECTION 2 OF 2 KATHMANDU 4166

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6. IN THIS CONNECTION WE NOTE AFP REPORT FILED FROM HONG KONG OCTOBER 7 THAT INDIA HAS DEPLOYED "LARGE NUMBERS OF ARMORED BORDER SECURITY GUARDS" ALONG NEPAL BORDER. ACCORDING TO AFP FORCE IS OSTENSIBLY TO GUARD AGAINST SMUGGLERS, BUT HAS DISRUPTED NORMAL FLOW OF GOODS BY CHECKING EVERY VEHICLE ENTERING NEPAL. STORY ALSO ALLEGES THAT GOI HAS BEGUN "ITS RETALIATION BY HARASSING MILLIONS OF DOMICILED NEPALESE LIVING IN ASSAM, WEST BENGAL, BIHAR AND UTTAR PRADESH BY ASKING THEM TO RETURN TO NEPAL." EVEN IF THIS REPORT IS WITHOUT SUBSTANCE IT WILL CERTAINLY INCREASE SPECULATION AND WORRY HERE OVER WHAT INDIA HAS IN MIND. RUMORS ARE ALREADY RIFE ABOUT NEW ECONOMIC PRESSURES ON NEPAL AND INDIAN FOOT-DRAGGING IN REPAIRING ESSENTIAL ROAD LINKS DAMAGED BY MONSOON. MANY NEPALESE ARE ALSO AWARE OF INDIAN HARASSMENT OF AN RNAC FLIGHT PASSING THROUGH CALCUTTA.

7. OFFICIALS WITH WHOM WE HAVE TALKED ARE INCREASINGLY

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DISTURBED BY WHAT THEY SEE AS CONTINUED INDIAN PRESSURE AFTER SIKKIM ISSUE HAD BEEN SIGNIFICANTLY REDUCED IN VISIBILITY AS PUBLIC ISSUE IN NEPAL. THEY FIND IT DIFFICULT TO UNDERSTAND WHAT GOI HOPES TO ACHIEVE BY ITS HARD ATTITUDE AND, MORE IMPORTANTLY, ARE WORRIED THAT THIS ATTITUDE WILL BE TRANSLATED INTO CONCRETE ACTIONS AGAINST NEPAL.

8. WE HAVE NO WAY OF KNOWING IF GOI INDEED DOES INTEND TO TAKE ACTION AGAINST NEPAL. INDIAN CHARGE JHA RECENTLY TOLD DCM THAT IN INDIAN EMBASSY VIEW GOI SHOULD BEGIN TO TREAT NEPAL AS NEIGHBOR LIKE ANY OTHER, WITHOUT ANY SPECIAL PRIVILEGES. STRENGTHENING OF BORDER CONTROLS OR ACTIONS AGAINST NEPALI MINORITY REPORTED BY AFP, IF CONFIRMED, COULD BE CONSTRUED AS STEPS IN THIS DIRECTION. ANOTHER AREA IN WHICH INDIA COULD PUT PRESSURE ON NEPAL, WOULD BE BY EASING CURRENT RESTRICTIONS ON NEPAL CONGRESS EXILES IN INDIA. SUCH A STEP WOULD ACENTUATE STRAINS IN BILATERAL RELATIONSHIP. IN THE SHORT RUN AT LEAST IT WOULD ALSO HAVE THE EFFECT OF RALLYING SUPPORT AROUND THE KING.

9. THUS IN THE AFTERMATH OF THE INDIAN SQUEEZE ON SIKKIM NEPALESE ARE BEGINNING TO ASK THEMSELVES WHETHER NEPAL IS NEXT ON INDIA'S LIST. IT WOULD THEREFORE BE PRUDENT FOR US TO ASK OURSELVES WHETHER INDO-NEPALESE RELATIONS ARE TAKING ON A FUNDAMENTALLY NEW SHAPE WHICH COULD SHATTER THE TENUOUS PAX IMIALAYA WHICH HAS OBTAINED OVER THE PAST DECADE. IF NEPALESE CONCERNS ARE JUSTIFIED, IMPLICATION FOR U.S. INTERESTS IN THIS PART OF THE WORLD COULD BE SIGNIFICANT. ON THE OTHER HAND THIS MAY BE JUST ANOTHER CASE OF NEPALESE SUSPICION OF INDIA LEADING TO OVERREACTION, WITH SITUATION SIMMERING DOWN IN TIME.

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